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The Movement for Municipal Ownership in Chicago

BY

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City Statistician of Chicago

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THE MOVEMENT FOR MUNICIPAL OWNERSHIP IN CHICAGO

By Hugo S. Grosser,
City Statistician of Chicago.

The movement for municipal ownership in Chicago, although but recently designated by the most prominent merchant of the city as "a fad and a craze that will die out and not be heard of again within five years," is as old, almost, as the city itself. According to the records, the question of municipal ownership was first voted upon in Chicago in 1851, and the point at issue at that time was the acquisition and operation by the municipality of the water works. Of the four thousand four hundred and forty-five persons voting at that time, two thousand six hundred and eighty-eight voted for, and five hundred and thirteen against the measure, while one thousand two hundred and forty-four were silent on the question. Chicago as a result of that election acquired its water works, and has owned and operated them ever since. That the public mind, even in the early days of the city's life, considered the possibility of extending municipal ownership to other public utilities, and particularly to the street railway lines, may be seen from the fact that when the city council of Chicago in 1858 granted the first street railway ordinance to a number of gentlemen, the predecessors of the Chicago City Railway Company, it contained a provision for the purchase of the street railway property by the city.

Again in 1887, the city of Chicago without much ado, and without creating a bonded debt, erected its first municipal lighting plant, which, during the past eighteen years has been continually enlarged and extended, and has become one of the largest electric street lighting plants in the world. Thus not only the principle, but also the practical value of municipal ownership of public utilities was well known to the citizens of Chicago for many years.

There was little cause to discuss the question of municipal ownership for several decades, but the time came when the people were aroused as never before, and for a good reason, for one of the boldest attempts ever known in legislative history was made by the street railway interests to obtain, in a roundabout way, an extension of their grants for a further period of fifty years. In 1886 a syndicate headed by Charles T. Yerkes, organized the North Chicago Street Railroad Company and the West Chicago Street Railroad Company, which took over the leases of the street railways and the franchise rights of the North Chicago City Railway Company and the Chicago West Division Railway Company for nine hundred and ninety-nine years, guaranteeing to the retiring companies annual dividends of 30 and 35 per cent. respectively. The new companies, after they had assumed the operation of the railways, received in their own right, from time to time, from the city numerous grants for additional streets in the north and west divisions for twenty years, which, in fact, constituted a very large part of the mileage of the respective lines of these companies. In 1897, through the efforts of Mr. Yerkes, the senate of the State of Illinois passed a law, popularly known as the "Humphrey Bill," which provided that any street railway ordinances heretofore granted to any one were extended for the period of fifty years from and after the first Tuesday in September, 1897. Although Mr. Yerkes personally appeared before the house committee to whom the bill was referred and urged the passage of it, the house finally rejected it, but passed a substitute, afterwards amended and passed by the senate, popularly known as the "Allen Law," which conferred upon the city the power to extend street railway ordinances for fifty years, instead of twenty years, as provided by the cities and villages act of 1874. The people of Chicago were up in arms, and when in 1898 Mr. Yerkes, on behalf of his two companies, tried to get the city council to pass an ordinance extending the time for the operation of the lines for fifty years, genuine alarm was felt everywhere, as, considering the composition of the city council at that time, well-grounded fears were entertained that the people's rights might be sold to the street railway corporations in spite of the probable veto of Carter H. Harrison, the new mayor, who had been elected not quite a year before. Indignation meetings were held everywhere; frequent threats of hanging the aldermen who would dare to vote for the propositions were

heard, and so stoutly did the people fight in their own behalf that the council did not dare to pass the ordinances. Not satisfied with that result, the agitation was kept up until in 1899 the legislature repealed the so-called "Allen Law," and in lieu thereof passed a law corresponding to the old law limiting franchise grants to twenty years.

As soon as, through the "Humphrey Bill," the people of Chicago were challenged to protect their rights in the streets of the city, the council appointed a committee to make an exhaustive investigation of the entire matter. This committee, known as the Harlan Committee, reported to the council in March, 1898. In this report were set forth all the facts as they existed at that time in regard to the street railways, and for the first time the public came into possession of reliable and helpful information. Aroused by the bold efforts of Yerkes, and fortified by the knowledge that most of the franchises of the old companies were about to expire, the public there and then became firmly determined that no further franchises should be given to these companies. They realized how utterly inadequate the street car service had been for years—how they had been subjected to the most abominable, yes, indecent, treatment—how the purpose of accommodating the people had been entirely lost sight of by the companies, whose only aim for years seemed to have been to procure the largest number of nickels for the least amount of service. The cause of municipal ownership received an impetus which since then has grown stronger and stronger; which, in spite of all the machinations on the part of the traction interests, could not be downed, and which, to judge from the present attitude of the people, will not down until it has been brought to a successful realization. It might be truthfully said that Mr. Yerkes is the father of the present municipal ownership movement, for, had he been wise enough to introduce proper transportation service and be modest or at least moderate in his demands for franchise renewals, it may justly be assumed that the companies would have received an extension of their grants, and that consequently there would have been no street railway question in Chicago.

As soon as the street railway interests saw their attempt to grab the streets of Chicago for another half century foiled in so pronounced a manner, they at once began to raise the cry of their rights under the so-called "Ninety-nine Year Act," under which they

claimed their franchise rights extended until 1958 and 1960 respectively. This ninety-nine year act playing so great a part in the present controversy is nothing but a mere legislative enactment, passed in 1865, amending an act of February, 1859, which incorporated the Chicago City Railway Company and the North Chicago City Railway Company, and likewise amending an act of February, 1861, which incorporated the Chicago West Division Railway Company. Under this act the corporate life of these three companies was extended from twenty-five to ninety-nine years, and further contained the following amendment:

> "And any and all acts or deeds of transfer of rights, privileges or franchises, between the corporations in said several acts named, or any two of them, and all contracts, stipulations, licenses and undertakings, made, entered into or given, and as made or amended by and between the said Common Council and any one or more of the said corporations, respecting the location, use or exclusion of railways in or upon the streets, or any of them, of said city, shall be deemed and held and continued in force during the life hereof, as valid and effectual to all intents and purposes as if made a part, and the same are hereby made a part of said several acts."

The claim of the companies under this amendatory act, passed over the veto of the then governor, Oglesby, in spite of great public opposition, has never been adjudicated, has always been disputed by the city, and is now pending in the United States Supreme Court.

In the light of the following events it seems as though Mr. Yerkes, no doubt aware of the weakness of his position, must have had some very deep and mysterious purpose in thus setting up these proud claims, and this became evident when in 1899 he managed to organize the Chicago Union Traction Company, as the successor of his two former companies. These leased all their property rights, including their leasehold interests, privileges, franchises, etc., to the Chicago Union Traction Company, which latter undertook and agreed to assume and pay the floating indebtedness of the former corporations, interest on the bonded indebtedness, aggregating over twenty-five million dollars, and dividends to the stockholders of the five underlying corporations to the amount of one million six hundred and thirty thousand one hundred and sixty-three dollars annually. After Mr. Yerkes had succeeded in floating this new enterprise, out of which he is reputed to have drawn more than ten million dollars, he disappeared from the field of action to build his

"two-penny tubes" in London, leaving to the syndicate that succeeded him the heritage of the legal battle that has already consumed many years.

Chicago was on the *qui vive*. In December, 1899, the city council created the Street Railway Commision, with directions to prepare and submit to the legislature a comprehensive bill for new street railway legislation. In his annual message of December, 1899, Mayor Harrison, who in the spring of the year had been re-elected under the slogan, "The streets of Chicago belong to the people," called attention to the five points which he thought must be considered in connection with any extension of franchises to any existing street railway companies. These five points were:

First. Compensation based upon percentage of gross receipts;

Second. A reduction of fare during the crowded hours of the day;

Third. A betterment of conditions in the accommodation of the public;

Fourth. A proposition for municipal ownership of the lines at the expiration of the grant; and

Fifth. The requirement that before any ordinance granting an extension of franchises shall become operative it shall first be submitted to a direct vote of the people and receive popular endorsement.

The Street Railway Commission prepared and submitted to the legislature a comprehensive plan for new street railway legislation, and in their report dwelt upon several points to be observed before any franchises were to be extended. It maintained that the city should possess the power to own and operate street railways; that to the council there should be reserved broad powers of control of the street railway business; that the people should be given a direct voice through the referendum in the settlement of the most important questions of street railway policy: that the law should forbid over-capitalization; and that when any further grants of privileges from the city are accorded to the companies, they should be required, as a consideration of such grant, to renounce any claim of rights under the ninety-nine year act. In April, 1901, Carter Harrison, under the old battlecry, was elected for the third time.

In May of the same year the city council created a Committee on Local Transportation to deal with the street railway problem.

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This committee, in December, 1901, reported to the council an outline ordinance for the proposed extension of franchises, but the companies for some time had ceased to negotiate with the city. In this report the committee said:

"The immediate municipalization of the street railways of Chicago as a practical proposition most persons will readily admit is out of the question."

and further:

"But the public is greatly interested in the early improvement of Chicago's belated and inadequate transportation facilities, and to that end it should be prepared to consider the terms of an early settlement of the general franchise question, in so far as a settlement may be an important element in leading to improvement of service."

Meanwhile a great deal of pressure had been brought upon the council and the mayor to "settle" the street car question, and it was stated by representative people that the overwhelming sentiment of the people was that the question should be settled right and soon. The Citizens' Association, the Civic Federation, and the Real Estate Board, as well as the press in general, emphatically were opposed to anything in the nature of delay. This finally caused Mayor Harrison, on January 6, 1902, to send a message to the council outlining the provisions of a street railway franchise renewal ordinance, in which, in order to meet the claim of the committee that a new franchise was essential to the obtaining of a satisfactory service, he stated:

"The general police power of the city is sufficient to give to the people the relief demanded." In this message he reiterated the points he conceived to be fundamental in any settlement. In addition to that, he said:

"For my part, I regard myself as under a pledge to the people to do all in my official and individual power to bring about the possibility of municipal ownership. The question with me, then, is: Do the people desire municipal ownership? The answer to this question will not be received by me from the owners of street car securities, nor from the all too interested precincts of the stock exchange, nor from that class of prominent citizens who regard a public franchise as personal spoil and loot, nor from that portion of the press which takes its editorial coloring from these classes of citizens."

Further on, he pointed out that at the time there was no authority for the city to own and operate its street railways, and that if

municipal ownership is to be obtained, the passage of enabling legislation must be a condition precedent to the granting of the desired extensions. In March, 1902, the city council, by resolutions, invited the street railway companies to enter into negotiations for renewal franchises.

The advocates of municipal ownership had not remained idle during all this time. New leagues and associations sprung up in all quarters of the city, taking up the fight, and in the aldermanic election in April, 1902, under the Public Policy Act, through their efforts, there was submitted to the people the question of municipal ownership of street railways. At that election one hundred and forty-two thousand eight hundred and twenty-six voted in favor of municipal ownership, and only twenty-seven thousand nine hundred and ninety voted against it.

From then on, every effort was bent to secure from the legislature that was to meet in January, 1903, the necessary legislation authorizing the city to own and operate street railways. Within two weeks after the election, the council passed an order authorizing and instructing the mayor to "appoint a special committee of five aldermen and five citizens to take steps to present the necessary bills to the legislature and to do everything possible to carry out the will of the people so decisively expressed at the recent election."

A committee appointed by the mayor in compliance with the order, made a report in December, 1902, expressing the desirability of municipal ownership in Chicago, and submitted several bills which were approved by the council and in turn submitted to the General Assembly of Illinois in February, 1903. These bills were pending in the legislature when another mayoralty election was at hand. The mayor being a candidate for re-election, appointed a very large committee, consisting of prominent citizens of both parties, including the Republican candidate for mayor, the late Mr. Graeme M. Stewart, to advocate the enactment of these laws. The legislature being overwhelmingly Republican, great pressure was brought upon Mr. Stewart and his friends to induce the legislature to pass the desired laws. Well knowing the temper of the people, and fearing that a failure to pass the bills might hurt the chances of the Republican candidate, the delegates unanimously worked for their passage. There was considerable delay, and when election day came the bills were still held in abeyance. Mr. Harrison was elected for a fourth

time, but so strong became the general pressure that in May, 1903, the legislature of Illinois passed the "Act to authorize cities to acquire, construct, own, operate and lease street railways, and to provide the means therefor," popularly known as the "Mueller Law." It had been hoped that the act would have been passed before the election so it could be submitted to popular vote for approval there and then, as under the terms of the law this was necessary before it would be in force.

In October, 1903, the council passed an ordinance which provided for the submission of the act to popular vote at the election of April 5, 1904, to determine whether it should become operative in Chicago under its terms. At that election the act was approved by the people by a vote of one hundred and fifty-three thousand two hundred and twenty-three against thirty thousand two hundred and seventy-nine; and through the efforts of the Referendum League, the following two questions were submitted at the same election:

First. "Shall the city, upon the adoption of the Mueller law, proceed without delay to acquire ownership of the street railways under the powers conferred by the Mueller law?"

The vote was one hundred and twenty-one thousand nine hundred and fifty-seven for and fifty thousand eight hundred and seven against.

Second. "Shall the city council, instead of granting any franchises, proceed at once, under the city's police powers and other existing laws, to license the street railway companies until municipal ownership can be secured and compel them to give satisfactory service?"

The vote was one hundred and twenty thousand eight hundred and sixty-three for, and forty-eight thousand two hundred against.

Such a decisive vote clearly showed the will of the people, and the city having obtained the authority to own and operate its street railways, there seemed to be smooth sailing ahead for the cause of municipal ownership; but what a delusion! The difficulties were greater than ever, and the prospect for the final settlement of the long drawn out and exceedingly tiresome traction question looked gloomy, indeed. While in the spring of 1903 the Mueller bill was on its passage the city experienced a distinct shock when, without warning, the Union Traction Company went into the hands of a receiver. It seemed impossible that such a profitable enterprise should be

forced into bankruptcy, and it was generally believed that the astounding move was merely a subterfuge by which the Union Traction Company, passing under the control of the federal court, could, and actually did escape any and all interference with its service on the part of the city. Through this move, furthermore, all negotiations for franchise extensions between the Union Traction Company and the city were broken off, and the city authorities for some time dealt with the City Railway Company only—the one covering the transportation service on the great South Side of the city.

Numerous petitions, resolutions, orders and ordinances were introduced in the city council ordering the Committee on Local Transportation to cease negotiations with the street railway companies,—providing for all kinds of improvements in the service—for licensing street railways, etc. These were all referred to the Committee on Local Transportation, where they were most conscientiously pigeon-holed, and the committee continued its negotiations until in November, 1903, a sub-committee reported for the consideration of the entire committee a tentative ordinance for an extension of the Chicago City Railway Company's franchise. The ordinance, according to the report, was "complete except as to the question of compensation." That question proved to be the rock on which the extension ship finally foundered, as the company refused to accede to the demands of the council in this respect, and when the ordinance was at last, in August, 1904, reported out, it was amended, referred back to the committee, again amended, re-referred, until, as a new tentative ordinance it was re-submitted to the council in March, 1905. Its consideration was postponed until after the spring election, and shortly thereafter it was placed on file.

The people became very impatient with these negotiations, especially when it was discovered that the committee as well as the then mayor would favor a franchise extension under proper safeguards, and with a provision for ultimate municipal ownership. That was not what was wanted, and the cry for immediate municipal ownership was raised. The people at large seemed to be convinced that that would be an easy matter to obtain, and the politicians were shrewd enough to see that they could not disregard this immensely popular movement, and some of them were very loud in their professions of being genuine, dyed-in-the-wool municipal ownership men.

Another mayoralty election was at hand. The four-times mayor, Carter H. Harrison, had absolutely refused to be a candidate for the fifth time, and both parties scoured the city for the most available man that might be successful. The Republicans nominated John M. Harlan in obedience to the demands of certain interests, although eight years before he had been an independent candidate for the mayoralty, and had thereby helped to defeat the regular Republican candidate. There can be no doubt but that Mr. Harlan was a popular candidate, but the Republican platform equivocated on the question of municipal ownership, and the candidate himself in the course of the campaign changed his own position in the matter so often that finally no one knew where Mr. Harlan really stood. The Democrats, on the other hand, had a candidate of a different calibre. His nomination was the final result of an absolute and firm demand on the part of the people. For years he had been known as an absolutely sincere and honest advocate of municipal ownership; as a judge on the bench for fourteen years he had frequently shown his predilection for the common people, so that many weeks before the convention every other aspirant for the nomination had disappeared, and Judge Edward F. Dunne was unanimously declared the nominee. The Democratic platform, supposedly written by the candidate, demanded "that Chicago follow the example of the enlightened municipalities of both the old world and the new by taking immediate steps to establish municipal ownership and operation of the traction service of the city."

That was what was wanted, and although just a few months before, in the fall of 1904, President Roosevelt had carried the city by a hundred thousand majority, on April 6, 1905, Judge Dunne was elected mayor of Chicago by a majority of nearly twenty-five thousand votes. At the same election the following three questions were submitted to the vote of the people:

First. "Shall the city council pass the ordinance reported by the Local Transportation Committee to the city council on the 24th day of August, 1904, granting a franchise to the Chicago City Railway Company?"

Second. "Shall the city council pass any ordinance granting a franchise to the Chicago City Railway Company?"

Third. "Shall the city council pass *any* ordinance granting a franchise to *any* street railroad company?"

For the first time in the history of referendum votes the people, if they wanted to record their vote in favor of municipal ownership, had to vote "no," while in every former referendum they had voted "yes." It was feared that this might lead to confusion and fail to bring out the real intention of the citizens, but what was the result? The so-called tentative ordinance submitted in the first question was snowed under by a vote of sixty-four thousand three hundred and ninety-one for, and one hundred and fifty thousand seven hundred and eighty-five against the proposition. On the second question sixty thousand and twenty voted yes, and one hundred and fifty-one thousand nine hundred and seventy-four voted no. On the third question fifty-nine thousand and thirteen voted yes, and one hundred and fifty-two thousand one hundred and thirty-five voted no. The one remarkable fact in this vote was that in every single ward of the city there was an overwhelming majority against these propositions, so that while about one hundred and fifteen thousand voters did not vote at all on these questions, the vote must be accepted as a thoroughly representative one. Even in those wards of the city where the wealthier classes live, the ratio was two to one. That certainly was as plain and emphatic an answer as could possibly be made, and the answer was not rashly given. It was the the result of a thorough study of the ordinance submitted, and of the subject of municipal ownership in general. This study, encouraged by newspapers, brochures and public speakers not only throughout the entire campaign, but for a long period before, brought to the majority of Chicago's citizens the firm conviction that only through the agency of municipal ownership could they expect permanent relief from the greed and oppression of the street railway corporations. The splendid examples of the beneficial results of municipal ownership in England, Germany and other European countries did not fail to leave a deep impression upon the voters, but the main cause for their great strength must be found right at home, for here for many years they themselves had practiced municipal ownership in such a manner that the opposition had to content itself with pointing out petty neglects, not being able to produce any well-grounded reasons against it.

In the two utilities owned and operated by the city, namely, the water works and the electric street lighting plant, the advocates of municipal ownership found the most potent factors for their con-

tention that the transportation facilities also should be owned and operated by the municipality. It was pointed out that the Chicago water works, even before the time of a thorough civil service, when they were to some extent used for political purposes, had been managed throughout without great scandal; that particularly during the last ten years, under a strict civil service, they had been managed economically; the cost to the public for water had been reduced time and again until at present the rates are lower than in almost all other cities; that they were much lower than the rates charged by private corporations, and that notwithstanding this fact, an annual profit of about two million dollars was derived from the water works, which was used to pay for the extension and improvement of the system and the purification of the water supply. In two of the more recently annexed territories of the city, water was still furnished by private companies, whose consumers had to pay for their water more than twice as much as if they had bought it from the city. It may be stated here that one of these private plants was municipalized shortly after the election, the city paying therefor the sum of two hundred and fifty thousand dollars.

The fact was pointed out that our electric street lights, owned and operated by the city, were furnished at a cost of about fifty-five dollars per lamp per year, while for a number of rented lights the city had to pay a rental of one hundred and three dollars per lamp per year, and it was plain to see that in spite of the great outcry of the opponents that the city does not charge off anything for depreciation, etc., the price was infinitely lower than that of the private corporation. These certainly were lessons that told, and the memory of the indignities the citizens and their families had suffered for years at the hands of the street railway companies—the sight of the illy-ventilated, unclean and uncomfortable cars in which they were forced to ride night and morning, huddled like cattle—the knowledge that aldermen and legislators had been debauched by these same traction interests, while their employees had been prosecuted and found guilty of successful attempts to tamper with juries and befoul the very fountainheads of justice—all these things helped to bring about the firm determination of the people that no further franchises should be given, and that the taking over of the street railways by the municipality was the only means through which a decent and adequate service could be permanently had.

In spite of the opposition of the public press, the street car interests, and a considerable portion of the business enterprises of the city, the friends and advocates of municipal ownership remained victorious. Edward F. Dunne was elected, and when, on April 10, 1905, he was inducted into office, it seemed that now, within a reasonably short time, the citizens of Chicago would obtain what they had fought for for many years—a decent and efficient street car service. But let no one believe that the street railway interests and their adherents were satisfied with that verdict of the people. After such an overwheming vote it would have seemed but natural that the council should at once have gone to work and tried to carry out the popular will; but far from it. The election of Mayor Dunne and the unmistakable expression of the sentiment of the people simply marked the beginning of the real fight for municipal ownership. Perhaps there were some adherents of the new mayor who were deceived by the term "immediate," and probably expected that following the inauguration the city authorities would seize the street railway properties and operate them for the benefit of the people. If there was any such belief at the time, the newspapers certainly tried to encourage it, and within a short time began to scoff at the mayor and his advisers because municipal ownership was not had, nor indeed was even in sight.

According to the contention of the city authorities the franchises of the traction companies had expired July 1, 1903, but they were permitted to continue to run pending the controversy and decision of the Supreme Court on the ninety-nine year question under a special authorization by the city council. In the meantime a decision had been rendered by Judge Grosscup, of the federal court, which, although unsatisfactory to both of the contestants, gave the city some advantage, as according to it the street railway companies lost all rights to those lines for which franchises were granted later than 1872; thus denying the contention of the street railways that all franchises granted at any time would not expire until the original franchise expired, namely, in 1958. One line particularly, the Adams street line, for which a franchise had been granted to the Chicago Passenger Railway Company and had expired on April 26, 1904, had been selected by the past administration for trying out municipal ownership and operation as well as the validity of the certificates that under the Mueller law could be issued in payment of the cost,

and which had not been tested in the Supreme Court. The plan comprised about fifteen miles of track. The municipal street railway system to be established through this line was to be extended from time to time as other lines expired. But this proceeding was also interrupted by an injunction from the federal court, and when, after full argument, no decision was rendered, and it was learned from a public utterance of Judge Grosscup made in court, that he deemed it unnecessary to decide the case as long as negotiations were pending for a general settlement with the Union Traction Company, the city advertised for bids for the construction of a municipal street railway on Adams street, the advertisement appearing for the first time on April 3, 1905. These bids were to be opened on July 1, 1905. Some weeks prior to this latter date a decision upholding the contention of the city was rendered by Judge Grosscup, and shortly thereafter it was discovered by the advisers of the new mayor that ordinances covering at least thirty miles of streets on the west side, and considerable mileage on the north and south sides had already expired, which could be profitably constructed and operated, and that the city in its first contract could offer at least one hundred miles for construction. In a message to the council the mayor stated that it seemed to be advisable to defer the reception of bids until a comprehensive plan for the greater system could be completed. The advertisement was withdrawn, and on July 5th Mayor Dunne submitted his plans to the council. In his message of that date he stated:

"The people of Chicago having plainly manifested their desire for municipal ownership of street railroads with the least possible delay, I have diligently sought since my inauguration as mayor for the best information and the best advice regarding the subject, and have carefully considered all suggested plans."

He called the attention of the council to the fact that already one hundred miles of track were free from corporate control, and that within the next two years two hundred and forty miles in all would be at the disposal of the city, and that within six or seven years a great majority of all the seven hundred miles of trackage now under operation will be incontestably subject to municipal ownership. He further pointed out that in the ninety-nine year controversy "a ruling more favorable to the city than that adopted by the Circuit Court is expected to be established by the court of last resort."

Turning then, to the demand for municipal ownership, Mayor Dunne submitted for the consideration of the council two plans to secure this result. The one plan, generally called the "city plan," contemplated the construction and operation of a municipal street car system for the city of Chicago through direct financiering by city officials under the legal authority from the Mueller law. The second plan, called the "contract plan," contemplated the construction of a street car system for the city through the instrumentality of a private corporation acting in the city's interests. The mayor preferred the second plan for the reason that it "avoided every element of delay that in the city plan would be caused through condemnation proceedings, appeals and repeated referendums, and because it would be, financially as well as legally, immediately practicable, and enable the city to proceed at once with the reconstruction under circumstances assuring as good service at as early a day as the best conceivable system for private profit could provide. The rights of the city to take over and even to operate would be neither impaired nor postponed. As soon as a market for the Mueller certificates had been secured the city could acquire the system in its own right, and in its own name; and as soon as the people had by referendum under the Mueller law so decided, the city could proceed to operate by its own employees." The contract plan, Mayor Dunne contended, provided in effect for what the Mueller law contemplated and the people have demanded—immediate municipal ownership of the street car service.

The entire message, together with an ordinance covering the contract plan, was referred to the Committee on Local Transportation. This committee, meanwhile, had continued its negotiations with the street railway companies, who had stated definitely their demands and the character of a franchise they would accept in settlement of the controversy. The contract plan of the mayor was almost contemptuously shoved aside by a vote of eight to five, and on October 9th, the mayor sent a message to the council calling attention to the vote had in April, and pointing out that the Local Transportation Committee, instead of considering the plan submitted by him in his message for the purpose of bringing about municipal ownership of street railways, was then engaged in considering certain proposed ordinances presented by the street railway companies and contemplating the granting to them of new franchises for the

period of twenty years. He gave it as his opinion that, "Consideration of these franchise extension ordinances in the face of the vote above referred to is in defiance of the express will of the people." With the message he laid before the council an order that the Local Transportation Committee cease the further consideration of the ordinances submitted by the street railway companies, and report to the council at its next meeting the ordinance submitted by the mayor, commonly known as the "contract plan." This order was defeated by a vote of twenty-two against forty-one.

Again, on October 16th, the mayor sent to the council a message reiterating the vote had at the April election, and pointing out that the Local Transportation Committee was not acting in accordance with that vote. Accompanying this message was an order that the Local Transportation Committee cease all negotiations contemplating the granting of a franchise to any of the present existing street railway companies, and all negotiations with said companies excepting those looking toward the purchase of their properties. This order was defeated by a vote of twenty-seven to thirty-seven.

On October 23d, a third message from the mayor called attention to the adoption of the Mueller law in April, 1904, and the vote upon the question, "Shall the city council upon the adoption of the Mueller law proceed without delay to acquire ownership of street railways under powers conferred by the Mueller law." He pointed out that every ward in Chicago had voted in favor of municipal ownership under the powers conferred by that law, and accompanied his message by an order instructing the Local Transportation Committee, in co-operation with the legal advisers of the city, to proceed without delay to prepare an ordinance for the purpose of acquiring ownership of the street railways of Chicago under the powers conferred by the Mueller law, and that the matter of the preparation of said ordinance take precedence over all other matters now under consideration by the Local Transportation Committee. The consideration of this order was deferred for one week, and on Monday, October 30th, the opponents of the mayor moved the substitution of a resolution whereby the Committee on Local Transportation was directed "to consider and report to the council at an early date a method of making a legal test of the validity of the street railway certificates authorized by the Mueller law." This resolution was adopted by a vote of forty-five to twenty-one. An amend-

ment offered, that the committee cease all negotiations with the traction companies except with a view of the purchase of their properties, was laid on the table by a vote of forty-three to twenty-one. Thus the mayor and the advocates of municipal ownership were again defeated.

When asked for his views on the result, Mayor Dunne stated: "One point is plain; the city council as now constituted is not friendly to municipal ownership;" and he further declared: "the fight for municipal ownership has just begun." And from the way things look, truer words were never spoken.

The fight has begun to take on a most disagreeable aspect. The street car companies and their supporters try to harass the administration at every step, although under a decision of Judge Grosscup a goodly part of the franchises have expired, and the companies are allowed to run on the streets by mere permit, revocable at the pleasure of the council. The City Railway Company during 1904 obtained a permit to equip a certain line with a trolley system, which was technically revoked last March, although left practically undisturbed for the convenience of the public. The company, pleading this technical revocation, is trying to avoid paying the license fees reserved in that permit for the purpose of compelling still more privileges, though knowing that the city could legally stop the use of that trolley any day. With an unprecedented boldness they attack the administration for refusing them new permits which they claim are necessary for the betterment of the service, and are doing their utmost to cause as much dissatisfaction among the people as possible.

Certain newspapers have acquired a habit of jeering at the mayor and ridiculing his municipal ownership propositions; some of the aldermen are parading their opposition in an openly defiant and almost indecent manner and a great deal of bitterness has come to the surface. But undaunted by the hostile attitude of the council, with a fidelity to his duty, as he sees it, and with a devotion to the cause he champions that must challenge the admiration of even his enemies, Mayor Dunne, on November 13th, sent to the council still another message, in which he says:

"And inasmuch as further delay can but operate favorably to the interests of those companies and unfavorably to the interests of the people of the city, and as the counsel for the city have now completed their proposed ordinance for proceeding under the Mueller law for the establishment of municipal

ownership, I am of the opinion that such proceedings on our part ought to begin at once. The advisory votes under the public policy statute having clearly instructed every member of your honorable body, regardless of party politics and every other consideration, to proceed without delay to acquire municipal ownership under the Mueller law, I respectfully submit to your good judgment that it has now become the duty of your honorable body to provide for the necessary mandatory referendum under the Mueller law. Similar instruction having been given to me as mayor, both by advisory referendum and the circumstances of my election, I have no doubt of my own duty to do all in my power to accomplish that result. I, therefore, advise your honorable body to proceed without further delay to establish municipal ownership of the traction service under and pursuant to the Mueller law."

This message and the accompanying ordinance were also referred to the Committee on Local Transportation. It is possible, yes even probable, that the committee will report out some kind of an ordinance along the lines of the Mueller law for submission to the people, but meanwhile they have almost completed ordinances for the extension of the franchises of the present companies for twenty years which will be submitted to the city council within a short time. Whether these ordinances will finally be passed, however, will entirely depend upon the people, as in a resolution passed October 16, 1905, the council pledged itself that any ordinance for the settlement of the Chicago street railway question before its final passage by the council shall be placed upon the ballot to be voted upon by the people. Thus the people will have the last word. Will they reverse their opinion of six months ago, or will they stand by their verdict three times given? The public press, with but one exception, favors an extension of the franchises, and claims that a great deal of discontent over the failure of the mayor to end the controversy exists among the citizens. But the advocates of municipal ownership are keeping up the agitation, and do not believe that the street railway interests will succeed in wearing out the people to such an extent that they will forget what they have been made to suffer for so many years, and meekly surrender to the corporations.

Aside from the street railway situation the movement of municipal ownership is making steady progress in Chicago. The last legislature passed a law enabling the city to sell its surplus electricity, and to regulate and control the gas service. This law was submitted to the people at the last November election, and was carried by a great majority. The city is enlarging its electric lighting plants,

and claims that it will be able to sell electricity at one-half the rates at present charged by the private companies.

Another sign of the progress of the idea of municipal ownership, is the fact that in the last campaign both parties declared in favor of public ownership and operation of the water power now in course of development, which was created through the Sanitary Canal. A few years ago there had been much talk of turning over this power to private interests to be developed and utilized by them. As it is, the trustees of the sanitary district elected at the last November election stand absolutely pledged to the principle of municipal ownership, and the municipalities within the district will be enabled at an early date to use this immense power for their own public purposes, such as street lighting, operating pumping stations, turning bridges, etc., and thereby materially cheapen the cost of these services.

Chicago, November 25, 1905.

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